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Southern District of New York*

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**U.S. BRINGS NEW CHARGES AGAINST FORMER CURRENCY TRADER  
IN CONNECTION WITH MASSIVE 'PONZI' SCHEME, AND CONVICTS  
THREE OTHERS IN CONNECTION WITH SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced the filing of additional securities fraud, commodities fraud and money laundering charges against MARTIN A. ARMSTRONG, a currency trader and former head of Princeton Economics International, in connection with a \$3 Billion "Ponzi" scheme involving securities known as "Princeton Notes." Also in connection with this scheme, WILLIAM H. ROGERS, the former President of the Futures Division of Republic New York Securities Corporation ("Republic Securities"), MARIA TOCZLOWSKI, the former Vice President of Futures Trading at Republic Securities, and HAROLD L. LUDWIG, a former employee of ARMSTRONG's, each pled guilty to conspiracy, securities fraud and commodities fraud charges.

According to the Indictment filed against ARMSTRONG (the "Indictment"), the Informations filed against ROGERS, TOCZLOWSKI and LUDWIG, and statements made by ROGERS, TOCZLOWSKI

and LUDWIG in connection with their guilty pleas, during the entire course of the scheme, from 1992 through 1999, approximately 139 victims - primarily corporate investors - were fraudulently induced to purchase more than \$3 billion in so-called "Princeton Notes." As is typical in "Ponzi" schemes, earlier investors were repaid through funds contributed by later investors, and by the time the scheme collapsed investors had suffered losses in excess of \$700 million.

The fraudulent conduct alleged in the Indictment, and admitted to by ROGERS, TOCZLOWSKI and LUDWIG, included: (1) making numerous fraudulent representations concerning the value of assets in accounts that Armstrong controlled; (2) fraudulently misrepresentations of Armstrong's trading performance; and (3) wrongful commingling of investor funds.

In January 2002 Republic Securities entered a plea of guilty to conspiracy and securities fraud charges in connection with its participation in the Princeton Note scheme, and was sentenced in February 2002. In connection with sentencing, Republic Securities paid approximately \$569 million in restitution to victims.

The Indictment charges ARMSTRONG with one count of conspiracy to commit securities fraud, commodities fraud, wire fraud and money laundering, 10 counts of securities fraud, 13 counts of wire fraud and 1 count of money laundering.

If convicted of the conspiracy count, ARMSTRONG faces a maximum penalty of 5 years in prison, and a fine of \$250,000 or twice the gross gain or gross loss from the offense. If convicted of the securities fraud counts ARMSTRONG faces a maximum penalty of 10 years in prison and a \$5 million fine or twice the gross gain or gross loss from the offense, on each count. If convicted of the wire fraud counts, ARMSTRONG faces a maximum penalty of 30 years in prison and a \$1 million fine or twice the gross gain or gross loss from the offense, on each count. If convicted of the money laundering count, ARMSTRONG faces a maximum penalty of 10 years in prison and a fine of twice the gross gain or gross loss from the offense.

On the conspiracy counts to which ROGERS, TOCZLOWSKI and LUDWIG pled guilty, each faces a maximum penalty of 5 years in prison and a fine of \$250,000 or twice the gross gain or gross loss from the offense. On the securities fraud counts to which each pled guilty, ROGERS, TOCZLOWSKI and LUDWIG face a maximum penalty of 10 years in prison and a \$5 million fine or twice the gross gain or gross loss from the offense.

United States District Judge LAWRENCE M. MCKENNA, who is presiding over ARMSTRONG's criminal case, has scheduled trial on the criminal charges against ARMSTRONG for March 2005.

ARMSTRONG, 53, is incarcerated, having been found in

civil contempt of an asset disgorgement order of United States District Judge RICHARD OWEN, in connection with a related proceeding brought by the Commodity Futures Trading Commission (the "CFTC") and United States Securities and Exchange Commission (the "SEC").

ROGERS, 54, resides in Philadelphia, Pennsylvania. He is scheduled to be sentenced before United States District Judge JED S. RAKOFF on January 6, 2006 (cq).

TOCZLOWSKI, 42, resides in Philadelphia, Pennsylvania. She is scheduled to be sentenced before Chief United States District Judge for the Southern District of New York MICHAEL B. MUKASEY on September 9, 2004.

LUDWIG, 47, resides in Newtown, Pennsylvania. He is scheduled to be sentenced before United States District Judge RICHARD CONWAY CASEY on October 29, 2004.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in the investigation of this case. Mr. KELLEY also thanked the CFTC and the SEC for their assistance in this matter.

Assistant United States Attorneys STEVEN R. GLASER, BRIAN D. COAD and RICHARD D. OWENS are in charge of the prosecution.

The charges contained in the Indictment against ARMSTRONG are merely accusations, and ARMSTRONG is presumed

innocent unless and until proven guilty.

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